

Instrument prepared by:

VIRGINIA GAS AND OIL BOARD

Order recorded under:

CODE OF VIRGINIA
§ 45.1-361.26

VIRGINIA:

BEFORE THE GAS AND OIL BOARD

APPLICANTS:

CNX Gas Company LLC on behalf of Buckhorn Coal Company and certain heirs of the (Columbus) Earl White Heris in Tract 1 including: Michael White, Ferrell White, Herald White, Marty White. Cathv Darlene Ward and Melissa Skeens.

DOCKET NO.

01-0320-0871-01

RELIEF SOUGHT:

Issuance: A Supplemental Order for Disbursement of Escrowed Funds
Action: Amending Prior Orders Affecting Drilling AW-111,
Tract 1
(Referenced herein as "the Subject Drilling Unit")

Location: Buchanan and Russell County, Virginia

Action Details:

- (1) To provide a calculation of funds, Unit Operator has deposited into the Escrow Account for Drilling Unit AW-111 by Tract Subaccounts;
- (2) To provide each applicant, in simple terms, a complete month over month Royalty Accounting of unit production, costs, taxes and proceeds, depicting variables used in the calculation of royalty payments to the unit escrow account.
- (3) To disburse unit funds to the Applicants, in accordance with their Unit Ownership Interests relative to those funds deposited by the Unit Operator into Subject Drilling

REPORT OF THE BOARDFINDINGS AND ORDER

1. **Hearing Date and Place:** This matter came on for final hearing before the Virginia Gas and Oil Board (herein "Board") at 9:00 a.m. on June 16, 2009 at the Russell County Government Center in Lebanon, VA.
2. **Appearances:** , Mark A. Swartz, Esq. SWARTS Law Offices PLLC appeared for the Unit Operator; and Sharon M.B. Pigeon, Assistant Attorney General, was present to advise the Board.
3. **Jurisdiction and Notice:** Pursuant to Va. Code §§ 45.1-361.1 *et seq.*, and in particular Va. Code §§ 45.1-361.21 and 45.1-361.22, the Board finds that it has jurisdiction over the establishment and maintenance of an escrow account, with tract sub accounts, for each of the coalbed methane gas drilling units established by the Board through its field rules that are subject to a Board pooling order. Further, the Unit Operator is required to deposit, as applicable, those funds specified in Va. Code § 45.1-361.21.D., 45.1-361.22.A.2, 45.1-361.22.A.3 and 45.1-361.22.A.4 into the applicable escrow tract sub accounts. The Board finds that: (1) while it **does not** have jurisdiction to resolve conflicting claims to the ownership of the Coalbed Methane Gas produced by the Unit Operator from wells located on Subject Drilling Unit, and (2) while it **does not** have jurisdiction to interpret agreements by and between the Gas owners/claimants and/or the Unit Operators or to abridge or contravene the provisions of such agreements, (3) pursuant to Va. Code § 45.1-361.22.A.5, **the Board does have jurisdiction and authority to disburse funds from the Escrow Account** provided the Board has been provided with a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between the conflicting claimants or an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein.

4. Prior Proceedings:

- 4.1. On March 19, 2001 the Board executed its order pooling interests in the Subject Drilling Unit for the production of occluded natural gas produced from coalbeds and rock strata associated therewith (herein "Gas") in accordance with the provisions of Va. Code SS 45.1-361.21 and 45.1-361.22 (herein "Pooling Order"). The Pooling Order was filed with the Clerk of the Circuit Court of Buchanan County on May 1, 2001, Deed Book 523 Page 214 to 228 and with the Clerk of the Circuit Court of Russell County on May 2, 2001, Deed Book 525, Page 0107 to 0121 Instrument Number 0001349. The Board executed its Supplemental Order Regarding Elections that was filed with the Clerk of the Circuit Court of Buchanan County on August 8, 2001, Deed Book 528, Page 614 to 628 and with the Clerk of the Circuit Court of Russell County on August 17, 2001, Deed Book 532, Page 0913 to 0921 Instrument Number 0002947.
- 4.2. To the extent claims to the Gas were in conflict, pursuant to Va. Code S 45.1-361-22 payments attributable to said conflicting claims were ordered deposited by the Unit Operator into the escrow account established by the Pooling Orders (herein "Escrow Account"). According to the Pooling Orders and testimony, the coal estate ownership interests of Buckhorn Coal Company ; and the gas ownership interests of certain of the (Columbus) Earl Whited Heris in Tract 1 in the Subject Drilling Unit were in conflict and became subject to the escrow requirements of the Pooling Order.
- 4.3. The Unit Operator's Miscellaneous Petition regarding a portion of Tract 1 a copy of which is attached to and made a part hereof, states under oath that Buckhorn Coal Company and the Applicants have entered into an agreement with regards to a portion of Tract 1, that by the terms of the agreements, Buckhorn Coal Company has entered into a split agreement regarding these tracts and escrow regarding these individual conflicting claims detailed herein, is no longer required for these parties.
- 4.4. The Unit Operator gave notice to Buckhorn Coal Company and the applicants that the Board would consider its disbursement authorization at its hearing on June 16, 2009 and consider whether to: (1) amend the Pooling Order to provide for the disbursement a portion of funds on deposit in the Escrow Account attributable to a portion of Tract 1 identified in the attached miscellaneous petition (2) delete the requirement that the Unit Operator place future royalties attributable to a portion of said Tract 1 relative to the interests of Applicants identified in the miscellaneous petition in the Escrow Account, and (3) continue the escrow account under this docket number because there are other parties under this order subject to continued payments in the escrow.
- 4.5. The Unit Operator filed the attached accounting for Subject Drilling Unit's Escrow Account with the Board ("Accounting").

5. Findings:

5.1. Va. Code 45.1-361.22.5 provides:

The Board shall order payment of principal and accrued interests, less escrow account fees, from the escrow account to conflicting claimants within thirty days of receipt of notification of (i) a final decision of a court of competent jurisdiction adjudicating the ownership of coalbed methane gas as between them or (ii) an agreement among all claimants owning conflicting estates in the tracts in question or any undivided interest therein. The amount to be paid to the conflicting claimants shall be determined based on the percentage of ownership interest of the conflicting claimants as shown in the operator's supplemental filing made part of the pooling order that established the escrow account, the operator's records of deposits attributable to those tracts for which funds are being requested, and the records of the escrow account for the coalbed methane gas drilling unit. The interests of any cotenants who have not entered into an agreement shall remain in the escrow account.

5.2 Applicant has certified and represented to the Board that:

- (1) Buckhorn Coal Company and certain individuals of the Jacob Fuller heirship property in Tract 1a; Buckhorn Coal Company and certain individuals of the (Columbus) Earl Whited Heirs in Tract 2 and Tract 3, are the owners of the coal and gas acreage estate underlying a portion of VGOB Tract 1a and VGOB Tracts 2 and 3 of the Subject Drilling Unit;

(2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

<i>VGOB Approved Disbursement</i>							
VGOB-01-0320-0871-01			Frac	Acreage	Split	Escrowed	% of
AW-111			Interest	Interest	Agreement	Acres	Escrowed Funds
				Disbursed		Total	
Table 1							
Tract 1							
No	Tract	Disbursement Table					
		Totals				52.9200	
Buckhorn Coal Co. - Coal				21.8000	50.0%	10.900	20.5971%
1	1	Buckhorn Coal Co./ PO box 187 Tazewell, VA 24651					
(Columbus) Earl White Heirs - O & G			21.80				
2	1	Ralph Sneed Administrator CTA / Estate of (Columbus) Earl White / PO Box 399 / Lebanon VA 24266		21.8000	50.0%	10.9000	20.5971%

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and **IT IS SO ORDERED.**

8. **Appeals:**

Appeals of this Order are governed by the provisions of Va. Code § 45.1-361.9 which provides that any order or decision of the Board may be appealed to the appropriate circuit court and that whenever a coal owner, coal operator, gas owner, gas operator, or operator of a gas storage field certificated by the State Corporation Commission is a party in such action, the court shall hear such appeal de novo.

9. **Effective Date:** This Order shall be effective on the date of its execution.

DONE AND EXECUTED this 31 day of August, 2009 by a majority of the Virginia Gas and Oil Board.

Bradley C. Lambert
Bradley C. Lambert, Chairman

DONE AND PERFORMED this 31 day of August, 2009 by an Order of this Board.

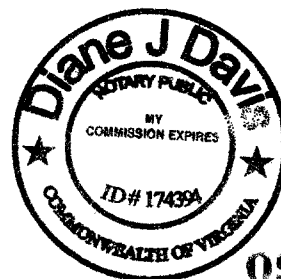
David E. Asbury
David E. Asbury Jr.,
Principal Executive to the Staff
Virginia Gas and Oil Board

COMMONWEALTH OF VIRGINIA)
COUNTY OF WASHINGTON

Acknowledged on this 31st day of August, 2009, personally before me a notary public in and for the Commonwealth of Virginia, appeared Bradley C. Lambert, being duly sworn did depose and say that he is the Chairman of the Virginia Gas and Oil Board and David E. Asbury Jr., being duly sworn did depose and say that he is Principal Executive to the Staff of the Virginia Gas and Oil Board, that he executed the same and was authorized to do so.

Diane J. Davis
Diane J. Davis
Notary Public #174394

My commission expires: 09 / 30 / 2009



0902247

VIRGINIA: IN THE OFFICE OF THE CLERK OF THE CIRCUIT COURT OF RUSSELL COUNTY, 9-4, 2009. This deed was this day presented in said office, and upon the certificate of acknowledgment thereto annexed, admitted to record at 2:13 o'clock P. M., after payment of \$ — tax imposed by Sec. 58.1-802.

Original returned this date to: Dept. of Mines

TESTE: ANN S. MOREYNOLDS, CLERK
BY: Nicke Colley D. CLERK

PETITIONER: CNX Gas Company LLC

DIVISION OF GAS AND OIL

DOCKET NO: VGOB 01-0320-0871-01

RELIEF SOUGHT: (1) DISBURSEMENT FROM
ESCROW REGARDING TRACT(S) 1
(2) AND AUTHORIZATION FOR DIRECT
PAYMENT OF ROYALTIES

HEARING DATE: June 16, 2009

DRILLING UNIT: AW-111

BUCHANAN COUNTY, VIRGINIA
and Russell County, Virginia

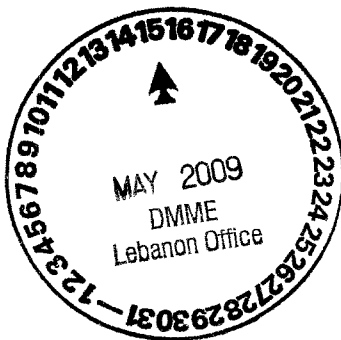
MISCELLANEOUS PETITION

1. **Petitioner and its counsel:** Petitioner is CNX Gas Company LLC, 2481 John Nash Blvd., Bluefield, West Virginia 24701, 304/323-6500. Petitioner's counsel is Mark A. Swartz, **SWARTZ LAW OFFICES, PLLC.**, 601 Sixth Avenue, Suite 201, P.O. Box 1808, St. Albans, WV 25177-1808.
2. **Relief sought:** (1) the disbursement of escrowed funds heretofore deposited with the Board's Escrow Agent(s) attributable to Tract(s) 1 as depicted upon the annexed Exhibit A; and (2) authorization to begin paying royalties directly to the parties to the royalty split between Buckhorn Coal Company and Columbus Earl White Heirs, Devisees, Successors or Assigns including: Michael White, Ferrell White, Herald White, Marty White, Cathy Darlene Ward, and Melissa Skeens.
3. **Legal Authority:** Va. Code Ann. § 45.1-361.1 *et seq.*, 4 VAC 25-160-140., and relevant Virginia Gas and Oil Board Orders ("Board") heretofore promulgated pursuant to law.
4. **Type of well(s):** Coalbed methane.
5. **Factual basis for relief requested:** Buckhorn Coal Company and Columbus Earl White Heirs, Devisees, Successors or Assigns including: Michael White, Ferrell White, Herald White, Marty White, Cathy Darlene Ward, and Melissa Skeens have entered into royalty split agreement(s). Said royalty split agreement allows the Applicant and Designated Operator to pay royalties directly to the persons identified in Exhibit EE annexed hereto and the annexed Exhibit A, further, specifies how said royalties are to be divided and paid. *Initial payout for the heirs of Columbus Earl White should be made payable to trust account: Glubiak Law Office, P.O. Box 144, Aylett, VA 23009 (Ralph Snead, Administrator C.T.A. of the Estate will distribute in accordance with Columbus Earl White's will.)*
6. **Attestation:** The foregoing Petition to the best of my knowledge, information, and belief is true and correct.

CNX GAS COMPANY LLC
BY ITS PROFESSIONAL MANAGER
CNX GAS COMPANY LLC, PETITIONER

By:

Anita D. Duty
Anita D. Duty
Rolling Supervisor
CNX Land Resources Inc.
2481 John Nash Blvd.
Bluefield, West Virginia 24701



Tract-by-Tract Escrow Calculation Account Balances as of 3/31/09

Unit AW-111
VGOB 01-0320-0871-01
Acres Escrowed: 52.92000

Owners	Tract #	Acres	Owner Acres	Interest	Total Tract Percent of Escrow	Owners' Percent of Escrow (50%)	Amount Due Owners \$141,133.85
Buckhorn Coal Co. - Coal (Columbus) Earl White Heirs - O&G	1	21.80			41.1943%	20.5971%	\$29,069.52
Michael White			2.18000	10%		20.5971%	\$29,069.52
Ferrell White			3.92400	18%		2.0597%	\$2,906.95
Herald White			3.92400	18%		3.7075%	\$5,232.51
Marty White			3.92400	18%		3.7075%	\$5,232.51
Cathy Darlene Ward			3.92400	18%		3.7075%	\$5,232.51
Melissa Skeens			3.92400	18%		3.7075%	\$5,232.51
Buckhorn Coal Co. - Coal (Columbus) Earl White Heirs - O&G (Title Conflict)	3	31.12			58.8057%	29.4029%	\$41,497.41
						29.4029%	\$41,497.41

PROPERTY LINES SHOWN WERE TAKEN FROM MAPS
PROVIDED BY CONSOL Inc. AND WERE NOT SURVEYED.

BOOK 528 PAGE 624

BOOK 532 PAGE 031
BOOK 710 PAGE 0840

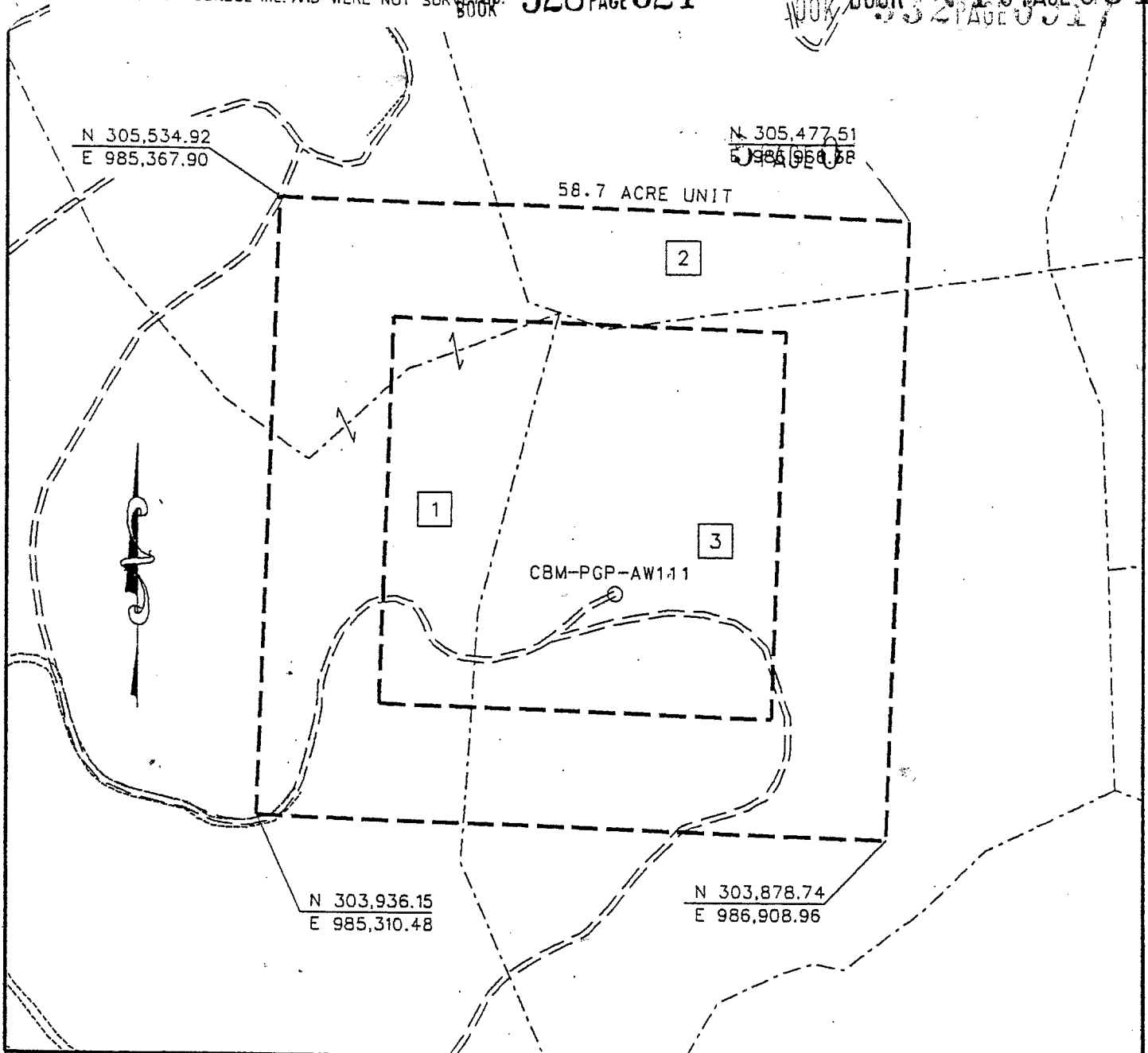


EXHIBIT A
MIDDLE RIDGE 1 FIELD
UNIT AW-111
FORCE POOLING
VGOB-01-0320-0871

Company Pocahontas Gas Partnership Well Name and Number UNIT AW111
Tract No. _____ Elevation _____ Quadrangle Honaker
County Russell/Buchanan District New Garden/Hurricane Scale: 1" = 400' Date 4/3/01
This plat is a new plat X ; an updated plat _____ ; or a final plat _____

Form DGD-GD-7
Rev. 9/91
Charles D. May Jr. (Affix Seal)
Licensed Professional Engineer or Licensed Land Surveyor

POCAHONTAS GAS PARTNERSHIP
Unit AW-111
Tract Identifications
(58.7 Acre Unit)

1. Buckhorn Coal Company (Jacob Fuller 453 Acre Tract) - Coal
Coal Lessee
Sandy Ridge Energy Company - Above Drainage Coal Leased
Pocahontas Gas Partnership - CBM Leased
Earl Whited - Surface, Oil & Gas
Pocahontas Gas Partnership - Oil, Gas and CBM Leased
21.80 acres 37.1380 %
2. Hugh MacRae Land Trust - Tr. 9 - Coal
Coal Lessee
Consolidation Coal Company - Below Drainage Coal Leased
Pocahontas Gas Partnership - CBM Leased
Pocahontas Gas Partnership - Surface, Oil & Gas
5.78 acres 9.8467 %
3. Buckhorn Coal Company (Jacob Fuller 453 Acre Tract) - Coal
Coal Lessee
Sandy Ridge Energy Company - Above Drainage Coal Leased
Pocahontas Gas Partnership - CBM Leased
Earl Whited or Heirs, Devisees, Successors or Assigns of Dr. L. M. Harrison -
1/8 th of Surface, Oil & Gas
Earl Whited or Gent Enterprises, LLP. - 7/8 ths of Surface, Oil & Gas
Pocahontas Gas Partnership - Oil, Gas and CBM Leased
31.12 acres 53.0153 %

Exhibit E
Unit AW111
Docket #VGOB-01-0320-0871
List of Conflicting Owners/Claimants that require escrow

BOOK 710 PAGE 0842

	Acres in Unit	Interest in Unit	% of Escrow
		58.7000	52.9200
<u>Tract #3, 31.12 acres</u>			
<u>COAL OWNERSHIP</u>			
(1) Buckhorn Coal Company P. O. Box 187 Tazewell, VA 24651	31.12 acres	53.0153%	58.8057%
<u>OIL & GAS OWNERSHIP</u>			
Earl Whited et al.	31.12 acres	53.0153%	58.8057%
(1) (Columbus) Earl Whited Heirs, Devisees, Successors or Assigns	3.89 acres 1/8 of 31.12 acres	6.6269%	7.3507%
(a) Michael Whited PO Box 297 Swords Creek, VA 24696	0.39 acres 10% of 3.89 acres	0.6627%	0.3675%
(b) Ferrell Whited PO Box 1471 Honaker, VA 24260-1471	0.70 acres 18% of 3.89 acres	1.1928%	0.6616%
(c) Herald Whited PO Box 517 Rosedale, VA 24280	0.70 acres 18% of 3.89 acres	1.1928%	0.6616%
(d) Marty Whited PO Box 0881 Lebanon, VA 24266-0881	0.70 acres 18% of 3.89 acres	1.1928%	0.6616%
(e) Cathy Darlene Ward 2014 Miller Creek Rd Swords Creek, VA 24649	0.70 acres 18% of 3.89 acres	1.1928%	0.6616%
(f) Melissa Skeens 120 Clifton Farm Rd Honaker, VA 24260	0.70 acres 18% of 3.89 acres	1.1928%	0.6616%
<u>(OR)</u>			
Dr. L.M. Harrison, Heirs, Devisees, Successors or Assigns <i>Address Unknown</i>	3.89 acres 1/8 of 31.12 acres	6.6269%	7.3507%
(2) (Columbus) Earl Whited Heirs, Devisees, Successors or Assigns	27.23 acres 7/8 of 31.12 acres	46.3884%	51.4550%
(a) Michael Whited PO Box 297 Swords Creek, VA 24696	2.72 acres 10% of 27.23 acres	4.6388%	2.5728%
(b) Ferrell Whited PO Box 1471 Honaker, VA 24260-1471	4.90 acres 18% of 27.23 acres	8.3499%	4.6310%

Exhibit E
Unit AW111
Docket #VGOB-01-0320-0871
List of Conflicting Owners/Claimants that require escrow

BOOK 710 PAGE 0843

	Acres in Unit	Interest in Unit	% of Escrow
(c) Herald Whited PO Box 517 Rosedale, VA 24280	4.90 acres 18% of 27.23 acres	58.7000 8.3499%	52.9200 4.6310%
(d) Marty Whited PO Box 0881 Lebanon, VA 24266-0881	4.90 acres 18% of 27.23 acres	8.3499%	4.6310%
(e) Cathy Darlene Ward 2014 Miller Creek Rd Swords Creek, VA 24649	4.90 acres 18% of 27.23 acres	8.3499%	4.6310%
(f) Melissa Skeens 120 Clifton Farm Rd Honaker, VA 24260	4.90 acres 18% of 27.23 acres	8.3499%	4.6310%
(OR)			
Gent Enterprises, LLP. P.O. Box 330 Honaker, VA 24260	27.23 acres 7/8 of 31.12 acres	46.3884%	51.4550%

List of Conflicting Owners/Claimants with Royalty Split Agreements

	Acres in Unit	Interest in Unit	Interest in Unit
Tract #1, 21.80 acres			52.92

COAL OWNERSHIP

(1)	Buckhorn Coal Company P. O. Box 187 Tazewell, VA 24651	21.80 acres	37.1380%	20.5971%
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OIL & GAS OWNERSHIP

(1)	(Columbus) Earl Whited Heirs, Devisees, Successors or Assigns	21.80 acres	37.1380%	20.5971%
(a)	Michael Whited PO Box 297 Swords Creek, VA 24696	2.18 acres 10% of 21.80 acres	3.7138%	2.0597%
(b)	Ferrell Whited PO Box 1471 Honaker, VA 24260-1471	3.92 acres 18% of 21.80 acres	6.6848%	3.7075%
(c)	Herald Whited PO Box 517 Rosedale, VA 24280	3.92 acres 18% of 21.80 acres	6.6848%	3.7075%
(d)	Marty Whited PO Box 0881 Lebanon, VA 24266-0881	3.92 acres 18% of 21.80 acres	6.6848%	3.7075%
(e)	Cathy Darlene Ward 2014 Miller Creek Rd Swords Creek, VA 24649	3.92 acres 18% of 21.80 acres	6.6848%	3.7075%
(f)	Melissa Skeens 120 Clifton Farm Rd Honaker, VA 24260	3.92 acres 18% of 21.80 acres	6.6848%	3.7075%

Tract #2, 5.78 acres

COAL OWNERSHIP

(1)	Hugh MacRae Land Trust, Tr. 9 c/o Alan Siegel Esq Gump, Strauss, Akin LLP 590 Madison Avenue, 20th Floor New York, NY 10022-2524	5.78 acres	9.8467%	n/a
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CBM Royalty Owner (from the Coal owner):

Torch Operating Company
c/o Sue Ann Craddock
670 Dona Ana Road SW
Deming, NM 88030

OIL & GAS OWNERSHIP

(1)	CNX Gas Company LLC 2481 John Nash Blvd. Bluefield, WV 24701 (Pocahontas Gas Partnership)	5.78 acres	9.8467%	n/a
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RV

\$21

BV

\$21

INSTRUMENT #090002682
RECORDED IN THE CLERK'S OFFICE OF
BUCHANAN COUNTY ON
SEPTEMBER 10, 2009 AT 01:21PM

BEVERLY S. TILLER, CLERK
RECORDED BY: NKE

(2) Net interests attributable and to be disbursed to Applicants are shown in Table 1,

Balance = 143,795.75
9/30/09

VGOB Approved Disbursement			Frac	Acreage	Split	Escrowed	% of
VGOB-01-0320(0871)-01			Interest	Interest	Agreement	Acres	Escrowed Funds
IAW-111				Disbursed		Total	
Table 1							
Tract 1							
No	Tract	Disbursement Table					
Totals						32,9200	
Buckhorn Coal Co. - Coal							
				21.8000	50.0%	10.900	20.5971%
1	1	Buckhorn Coal Co. / PO box 187 Tazewell, VA 24651					
(Columbus) Earl White Hairs - O & G							
			21.80				
2	1	Ralph Sneed Administrator CTA / Estate of (Columbus) Earl White / PO Box 399 / Lebanon VA 24266		21.8000	50.0%	10.9000	20.5971%

29,617.7

29,617.7

Total 59,235.

6. Relief Granted:

For the reasons set forth in Paragraph 4 and 5 above, and based upon the Accounting and Table 1 above, the Escrow Agent is ordered to, within 10 days of receipt of this executed order to disburse funds for the unit and applicants detailed in Table 1 above.

Exhibit E to the Pooling Order, showing owners subject to escrow, is deleted and replaced with the Exhibit E attached to this order. Further, the Supplemental Order filed in this cause is hereby modified to delete the requirement that payments attributable to the conflicting coalbed methane gas ownership interests of those applicants indicated in Table 1 be deposited by the Unit Operator into the Escrow Account, and, because there are other owners subject to escrow under the Supplemental Order, the Escrow Agent is directed to continue the Escrow Account for Subject Drilling Unit. To the extent not specifically granted herein, any other or further relief is denied.

7. Conclusion:

Therefore, the requested relief and all terms and provisions set forth above in Paragraph 6 above be and hereby are granted and IT IS SO ORDERED.